

CENTRAL ARIZONA PROJECT

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January 23, 2004

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Western Area Power Administration
Desert Southwest Customer Service Region
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DSW REGIONAL OFFICE OFFICIAL FILE COPY		
Date	Initial	Code
JAN 23 2004		
1/23/04	APM	G6000
1/23/04	RPT	ALC02

Re: Comments on Parker-Davis Project firm electric service contract amendment
Transfer of Interest Provision

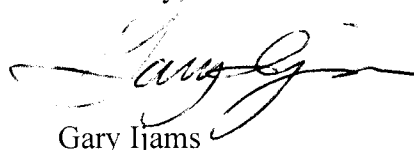
Dear Jean:

Central Arizona Water Conservation District (CAWCD) has become interested in this topic from two perspectives: (1) CAWCD receives firm electric transmission service under Parker-Davis Project and a "bright" idea in generation contracting tends to migrate to transmission contracting, just as your proposed new Transfer of Interest language seems to have evolved from similar CRSP contract language; and (2) CAWCD is considering applying for the newly created Parker-Davis pool capacity available in 2008.

CAWCD has two comments. First, a firm electric service contract becomes, for the contractor, a resource much like owning a power plant. Does Western intend to now call their product "nearly firm" electric service? Second, Western appears to be solving problems for one or two contractors by imposing contract language on all firm contractors effectively weakening the "firmness" of Western's commitment through Administrator action. Even the CRSP language can place Western in potentially embarrassing and contentious situations wherein the Administrator can become a negotiation ploy at best or, in court, at worst. This entire section does not seem to be a valuable addition to the firm electric service contract.

Thank you for consideration of our comments.

Sincerely,



Gary Ijams